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Approved For Release 2003/05/05 : CIA-RDP84-00780R003100140009-6

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7 OCT 1969

MEMORANDUM FOR: Deputy Director for Support

SUBJECT: Support Directorate Seminar (Problem Solving) Report

1. The problem addressed was: How can new Support requirements be met under increased budget and personnel control?

2. Attached is the written report of the first SDS problem solving seminar which met [] 14 - 19 September 1969. It is intended to support the briefing given you on 30 September.

3. The oral and written reports are the product of the joint efforts of the seminar members, namely:

[]

- Office of Communications
- Office of Finance
- Office of Logistics
- Office of Medical Services
- Office of Personnel
- Office of Security
- Office of Training
- Office of the Deputy Director for Support

Attachments

DD/S Distribution: O - DD/S Subject
1 - ea. Messrs.

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Bannerman, Coffey, []
1 - cc SOS

Problem Solving
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INTRODUCTION

As individuals we were flattered to have been selected to participate in the first seminar. Individual pride was quickly transferred to a group identity and a feeling of group responsibility for our assignment. Our task was made easier by the excellent accommodations and working environment [redacted] deserves our thanks and appreciation for these arrangements and for his unobtrusive monitoring of our procedure. [redacted] who was responsible for substantive resources, gave us his constant attention. He made himself available for any and all questions. His support throughout the seminar was invaluable.

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We approached the problem of how new Support requirements can be met under increased budget and personnel control by:

1. Identifying areas which affect Support requirements. These included:
 - a. Existing situations which we feel require attention because they may intensify or remain unresolved.
 - b. Anticipated changes which will increase or alter the Support Services.
2. Picking out the most significant ways to attack these problem areas. We didn't necessarily consider our solution on a one to one basis - that is not on the basis of stating the problem and then finding a specific solution for that problem but rather on systems that will affect not only separate parts but have an affect on the aggregate of the problems.
3. In the process we identified a number of problems which we considered but didn't include in terms of significant or overall Directorate findings. These we included in a separate list.

We believe we considered the problem as free spirits - we know we considered it from a Directorate and not a parochial view.

We found frustration in the size and scope of the problem but at the same time it kept our view broad. We tried to envision the Agency

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of 1975 and what we can do now to adjust our organization to meet changing conditions and changing resources.

No significance should be read into the order in which the following problem areas are listed. No attempt was made in the seminar to establish priorities or weight the problems. Obviously, a wide range of alternatives was considered in discussing possible solutions to the problems. In all cases, the group selected practical solutions, not necessarily the best or ideal. This approach was taken deliberately because the group was aware of certain realities which must be faced by the Deputy Director for Support and the solutions offered were tailored to actions which the Deputy Director for Support can take on his own authority.

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I. Problem Areas with Impact on Support Directorate

A. Inadequate Guidance

Most members of the group are of the opinion that Support Offices are handicapped by a lack of substantive guidance on matters of program evaluation and resource allocation. The present system generates constant demands for reports of detailed management information, but gives too little feedback in terms of positive guidance. This problem is not unique in the Support Services. The discussions brought out the general belief that it is an Agency-wide problem - indeed a national problem. Another term for it would be "goal setting." The Nation is having trouble deciding its goals and the priorities among these goals. It becomes more important to set firm, realistic, clear-cut goals as resources diminish. Our thought was that the Directorate could make up for the inadequate guidance it receives from above by setting Directorate goals and objectives in unhedged terms based on any information it can get. Without this basic guidance, all the subsequent actions which must be taken will flounder. Consideration of alternatives and the apportionment of available resources to programs will be unrealistic, incohesive, and possibly at cross-purposes with other elements of the Directorate and Agency. We see this facing up to a simple question as one of the most difficult tasks confronting us. And that question is "What are the expected results?" (What are we trying to do?)

At each level, the top manager must articulate the answers, whether he be the President, an Agency head or head of a family. We must get the answer refined in more and more detail as we communicate the goals downward to our people, but we cannot permit intervening or lower echelons to distort or incorrectly interpret the guidelines of the top manager. The original, basic goal-setting guidelines must always accompany any amplification along the line. This approach will go far to obviate the inevitable communications gap between top manager and his subordinate managers as "layers" of assistants, etc., are interposed.

B. Impact of Automation on the Support Directorate

The increasing trend towards automation and the use of EDPE and other sophisticated technology, not only within the Agency

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but also within the intelligence community, are a mixed blessing at best.

It is true that many of these developments permit the accomplishment of routine tasks faster and better without additional production type personnel. But they generate costs to the Support Services in space, leased lines, equipment, control facilities, and in higher priced technical or installation and maintenance personnel. A new and especially costly problem to the Support Services is the emanations vulnerability of such equipment. Also, environmental security for this equipment will demand more and more funds and personnel.

Consequently, as the community increases its automation effort to cope with the information explosion, the Support Services costs and workload will increase in all of the categories mentioned. There is no way around this problem. The trend towards reduction of this vast amount of information to electronic storage accessed by remote input/output devices appears to be irreversible. We do not see how the DCI can curtail Agency participation in this community effort at the automated exchange of intelligence data. In summary, we will be forced to operate in a more technical environment and our participation will be very costly in Directorate resources.

C. Increased Reporting Requirements

Emphasis on economy in Government operations has created a pronounced increase in the number and types of statistical reports which must be produced by Agency components.

Such reporting is essential to internal management in determining the most effective use of available assets. In addition, the Bureau of the Budget seeks evermore comprehensive and detailed information to support the justification of budget requests.

Although these requirements affect all of the Agency to some degree, the main responsibility for producing such information falls on the Support Directorate. These requirements will probably continue to increase.

D. Increasing Fixed Costs

During recent years operating resources have actually decreased as a percentage of allocated funds. This has come about from increasing costs of personal services, the expense of automation

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and the high price of technical equipment. The yearly cost of inflation must be applied in such areas as construction, renovation, maintenance of real estate, materiel, wages, contractual services and the like. This all served to reduce purchasing power with the effect that more dollars buy less and less. For example, the total Directorate expenditures for personal services represented 48.5% of FY '63 expenditures, while personal services expenditures represented 56.8% of total expenditures in FY '69. Likely, the recent pay increase will bring the figure closer to 60% in the current Fiscal Year.

E. BALPA and OPRED

The BALPA and OPRED personnel reductions overseas force the transfer of many functions to Headquarters. The remaining overseas installations and personnel require support from resources at Headquarters, resulting in an increased frequency of TDY travel and an increased communications workload. There are obvious inefficiencies in TDY support such as added travel time, breaking-in time, and personal adjustments. Additionally, a space problem occurs in accommodating OPRED displaced personnel.

F. Increased Non-Official Cover

Continued reductions of U.S. Government personnel and installations overseas will seriously limit opportunities for official cover for Agency personnel and operations. It appears that the Agency will have to expand the use of non-official cover. Depending upon the urgency of different missions of this Agency, the Support Directorate must be in a position to perform the services required to:

1. Review and establish new personnel recruitment criteria in accordance with non-official cover needs.
2. Assure development of new commercial cover for Support Services personnel to perform covert support to the operational non-official cover units.
3. Increase covert security requirements.
4. Provide new covert funding mechanisms and techniques.
5. Fill the need for new covert communications support.

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6. Fulfill the increase in covert training requirements.

The support of non-official cover organizations causes an additional burden of responsibility upon the support elements because of the need for sterilization of administrative relationship, personal contact, and communications from a Government world to the commercial world.

G. Headquarters Activities Dispersion

Facilities and personnel are now in numerous locations in the Washington area. Separation makes for obvious inefficiency in that extra personnel are needed, e.g., extra clericals where one would suffice. Communication and logistics are more difficult and costly. In all there is a dilution of resources caused by the separation. We don't see any reduction of dispersion in the short term but rather feel that we should anticipate continued dispersion with its accompanying complications.

H. Support Personnel Succession

The age - grade make-up of staff personnel is such that about 45% of those Agency officers who are on duty now in grades GS-14 and above are expected to leave the Agency by 1975. The loss will be far greater among career services in the Support Directorate where approximately 65% of such senior officers are expected to leave during the same period.

Doing more with less will demand skilled management. The Support Services must ensure that the heads of support career services recruit and develop new professionals who can take over responsibility for managing support operations as senior officers move out. The Support Services will also be called upon to assist career services in other Directorates in defining and in recruiting and developing the right people to fill them.

I. Ravages of Time

We see the ravages of time exacting their toll in two ways:

1. Impact - slowdown - on production
2. Accelerated attrition of personnel

By impact on production we mean the inevitable results of a maturing Agency population - new experiences with problems

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of pathology and decreased vital energy. These, in turn, incidentally, will lead to more medical disability retirements.

The increase in retirement benefits and the lowering of eligibility requirements for retirement will accelerate the loss of personnel including many key officials.

These developments will place increased requirements on the Support offices concerned.

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II. Findings

A. Resources Allocation Board

A Directorate Resources Allocation Board should be established to evaluate requests for significant increases in support operations and to recommend priorities for the allocation of resources to meet them.

We all know that the primary business of this Directorate is service to others. When our resources fall short of what we need to handle all service requests, we face the dilemma of discriminating between projects or components that request the services. How does the supporter decide which projects are to live or starve? The ideal situation is to get the operators themselves to make this decision; in other words, get them involved in the process.

The group believes that the most feasible method of getting this involvement is to establish a Support Directorate Resources Allocation Board. The Resources Allocation Board should be established at a higher Agency level, but we mentioned earlier the realities which limited our proposals to those on which the Deputy Director for Support can act on his own authority. A Directorate Board falls in this category.

The Board would be at least at the Deputy Office Director level, with flexible membership to include participation by senior representatives of the other Directorates concerned in each case. Such a membership would, in effect, represent an Agency-level board and would have the advantage of operating on either an Agency-wide basis or a Directorate-wide basis, depending on the agenda. The flexible memberships feature permits the Deputy Director for Support to tailor the board's makeup to the categories of cases before the board. A primary purpose of the Board would be to involve the Agency components concerned in decisions on resources available to meet all requirements. An over-simplified statement of the modus operandi would be along the following guidelines:

The membership would be briefed on requirements levied on the Support component(s) concerned. A review of available resources would be presented. The operating components requesting the new services would be asked to contribute resources needed to accomplish

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the job, or alternatively, to recommend programs, projects, or other lower priority tasks which could be deferred, curtailed, or eliminated as necessary to free up the needed additional resources.

No attempt was made by the Group to specify whether the Board should have a full-time secretariat to conduct its routine business as experience would, in time, clarify this aspect.

It appears to this group that the Board would be the most feasible method of approaching private industry's procedure for advancing profitable products and cutting non-profitable items. Such a Board has several advantages:

The Board gets the customer involved in its decisions.

It creates a reassuring judicial atmosphere.
(Project X was not cut arbitrarily and capriciously.
It lost out only after careful deliberations.)

The Board widens the outlook on problems from the parochial view to one of broad management participation.

If, through this device, we can cut our workload to manageable size, we are clearing the decks to meet the new priority demands on the Support Directorate.

B. SIPS and Work Measurement

Automation is not necessarily a panacea for doing more with less but we feel that even if it doesn't save people immediately and even if it adds costs to current operations it will result in getting tasks done better and quicker. Most importantly it will provide the capacity to solve problems of the future. Thus we foresee an ultimate saving in people and function because the system will be created to absorb an increasing workload.

We requested and received a briefing to get an understanding of the objectives and status of the SIPS program. From the briefing we concluded that the program is essential for the Support Directorate. It will, we feel, give us the data base to meet the ever increasing demands for more timely and accurate reports on men, money and materiel. The SIPS data base can also be used in computing work measurement information demanded by the Bureau of the Budget and Agency management. In the SIPS

SECRET

briefing we learned that provisions for work measurement and management information have not been included in most office requirements. In general, Support offices lack expertise in systems analysis and are probably unaware of SIPS capability regarding management information - thus they don't develop this management tool.

Here we feel is a missing link between SIPS and the offices. It boils down to the need for an agent to assist in identifying customer needs and to fulfill those needs via SIPS capabilities. The function, which should be in the form of centralized assistance by a group of systems analysts, could be matched to customer needs.

A better channel of communication to the offices is needed by SIPS. SIPS needs to know what the offices want done for them and the initiative for providing the information should come from the offices. A systems analyst group can provide the interface in the field of management information.

More understanding of the objectives of SIPS and their requirements of the offices is needed. With understanding will come commitment which we now believe is to generally lacking. A dialogue such as we had with SIPS leaders is the best direct way to understanding and commitment. We recommend it via seminars between SIPS managers and Support office heads. It isn't enough for offices to contribute people and/or positions and then sit back and await results.

C. Belt Tightening

Support offices will be expected to undertake certain additional requirements without corresponding increases in resources. These increased requirements will have to be absorbed through rearrangement of priorities and more effective utilization of existing resources.

In the rearrangement of priorities it must be frankly recognized that in the actual countdown, circumstances may be such that the lowest priorities are not accomplished or are not accomplished as we should otherwise prefer: this is simply one of the costs of taking on the new requirements.

In the more effective utilization of existing resources we should expect assistance from advances in technology and the

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judicious resort to training and retraining. The importance to continued effectiveness of keeping employees in an optimal state of health should not be underestimated.

D. Development of Support Generalists

The anticipated decrease in numbers of support positions overseas can be partially offset by utilizing Support Officers with multiple skills. It is feasible to train an officer in the finance, security, personnel and logistics functions of field stations. The simplification of procedures for field finance administration and the increase of Headquarters support quickly available through rapid communication make it unnecessary to develop such a multi-purpose officer to the same level of competence as previously required.

E. Shift Work and Space Consolidation

In order to make maximum use of existing space and related equipment and facilities and to minimize requirements for additional space, consideration should be given to multiple shift operations whenever feasible. The ideal solution is in the eventual location of all support activities in one contiguous area at Headquarters. Meanwhile, efforts should be made as opportunities arise to consolidate related support activities in contiguous areas. This will save in personnel, time, communications, logistics and security support.

F. Reorganization

The group believes that some economy and better management of support resources could probably be achieved through changes in the organization of responsibilities within the Support Directorate. The Support Information Processing System is being structured around the basic resources of men, money and materiel.

The Committee recommends that appropriate staff officers be directed to develop the model of a Support Directorate so organized. This model will serve to focus considerations of various possibilities for reorganization which will arise inevitably as the SIPS effort moves forward. Therefore, the model should be in sufficient detail to identify those alternatives which will be open in any reorganization of support responsibilities along these lines.

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III. General Observations

A. Use of Proprietaries and Contract Personnel

Selected use of non-staff personnel and firms has its advantages and can, depending upon the type of service, be a more economical means of accomplishing some of the missions of this Agency. The Agency's need to find non-official cover in order to carry out its intelligence mission overseas is becoming a reality.

There are many types of commercial activities that provide excellent means for gathering of intelligence information. It has also been determined that many large industrial firms are more than agreeable to assist this Agency in subsidizing or establishing funding mechanisms to support this Agency and its missions without requiring details.

B. Civil Service Administration of Agency Retirement Checks

The addition of the relatively small, but growing, number of retirement payments to the Civil Service Automated System would reduce the manual work by Agency finance officers and add an insignificant factor to the work load of Civil Service check disbursement.

C. Evaluation of Training

Objectives and content of training courses should be consistent with the mission and current needs of the organization.

The objectives of training should be reached in the most effective and economical way. Successful evaluation of training should be the result of employee competence before and after training.

It is in this area that economies in people and costs can be made once we determine the relevance of training to need. A bigger investment in training evaluation should remove irrelevant courses, change emphasis in others and establish priorities of substance.

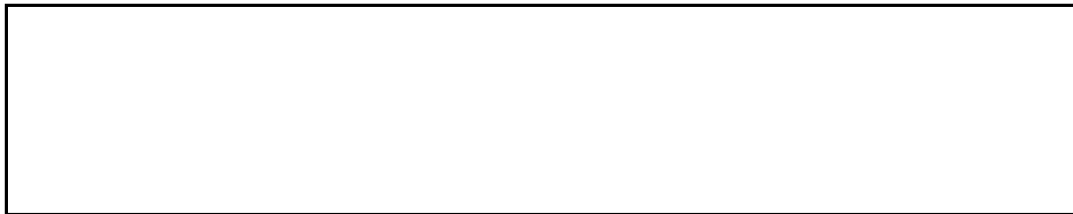
Reduced resources can then be applied to the most deserving functions by consolidation, deletion, assigning training functions elsewhere, e. g., to components or external facilities.

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D. Degradation of Services

The seminar discussed the alternative of consciously permitting service to degrade if resources are inadequate to cope with the workload. Although this approach was viewed as an unpleasant alternative, often it is the most realistic one from management's point of view. Examples of degradation of service include the Post Office Department's decision to reduce mail deliveries from twice daily to once a day and the reduced train schedules to cut operating costs. In a similar manner, if it should become necessary, the Support Directorate could take longer to process travel vouchers, to deliver routine messages, or complete security investigations and the like.



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F. Support Directorate Offices Control of Personnel

The group noted that the Office of Communications is the only Support office which controls its world-wide activities through its own table of organization. This arrangement has obvious advantages in that it simplifies management considerations in the deployment and rotation of personnel. The group noted that there are also disadvantages in this arrangement, i.e., a single table of organization highlights the total magnitude of the personnel resources involved in the function. The group does not recommend that other Support offices should control their career service personnel through their own tables of organization now. However, the group believes that the possibility of such arrangements should be considered as one way to improve efficiency if the Support Directorate continues to be called upon to accomplish more with fewer personnel resources.

G. All Support Costs to be Computed in the Total Project Cost

Support costs should to the extent possible be charged to the project in order to inform senior management of the precise costs of each Agency product.

There is some reason to believe that certain projects cause the Support offices of the Support Services to incur significant increases in costs and that these are not always well forecast. In a real PPB sense, if for no other reason, such costs should

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be imputed to and provided for by the project itself.

H. Centralized Applicant Selection

The group is aware that the Office of Personnel intends to centralize procedures for selecting new staff employees in categories which are of interest to more than one Agency component. The group believes that such action will create a more efficient way of providing personnel input in those areas where selection efforts can be pooled.

I. Extension of the Co-Op Program

There is enthusiasm for the Co-Op program in that it allows both employer and employee a trial marriage before formalizing the relationship. It appears to be an excellent source of young professionals and might be expanded.

J. Duplication of Functions, Responsibilities and Efforts

Considerable attention was given to identifying duplication within the Support Directorate. This may be the last item on the General Observations Agenda, but it received considerable attention during the seminar. There were no specific areas that could be identified by the group that were serious duplications of efforts, functions or responsibilities.

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